

CLASSIFICATION

S-E-C-R-E-T

CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION REPORT

CD NO.

25X1

COUNTRY

East Germany

DATE DISTR.

21 March 1955

SUBJECT

Critical Coal Supply Situation

NO. OF PAGES

3

**PLACE
ACQUIRED**NO. OF ENCLS.
(LISTED BELOW)

25X1

**DATE OF
INFO.**SUPPLEMENT TO
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
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Supply Situation for the Fourth Quarter of 1954.

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1. Lignite Briquettes.

The resolution of the Presidium of the Council of Ministers of 23 September 1954, regarding measures for the supplying of industry and the population with solid fuel, contained a production figure for the fourth quarter of 1954 of 13,199,600 tons. The plans of the various plants which were available to the Marketing Department for Coal (Absatzabteilung Kohle) agreed with this figure. However, a check on the Marketing Plan (Absatzplan) for the period 1-10 October 1954 indicated that the plan was lacking approximately 65,000 tons for fulfillment. Because of this situation, and because the Briquette Production of the third quarter of 1954 lacked about 265,000 tons for fulfillment, serious difficulties arose in the supplying of industry. Therefore, the population provided for in the third quarter could not be met. There was a lack of 147,000 tons for fulfillment even though 147,000 tons (Kontingente) had been reduced from 2,704,000 tons to 2,084,000 tons. This third quarter production deficit was written into the fourth quarter plan by the State Committee for Material Procurement; this amounted to making up the third quarter production deficit in the fourth quarter, since the missing amounts could not be drawn from any other section of industry. In addition, the Main Administration for Liquid Fuels indicated that there existed a difference of 90,000 tons between its allocation and actual demand. It must also be noted that the allocations will be exceeded by about 40,000 tons in the Main Administration for Lignite if the miners draw all the extra coal (Deputate) allotted to them up to 31 December 1954.

2. Screened Coal (Siebkohle)

According to the Materiel Balance (Materialbilanz) of 23 September 1954, the following production was provided for: 3,537,000 tons by the Main Administration for Lignite and 3,910,000 tons by the Main Administration for Coal.

25X1

STATE	II	X	NAVY	II	X	ARMY	II	X	AIR	II	X	FRI	II	X	OTHER	II	X
ARMY	II	X															

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25X1

-2-

25X1

The plants under the Main Administration for Lignite delivered a total of 2,941,000 tons, i.e. there was an underproduction of 596,000 tons. Accountings of the production of the Main Administrations for Power, Heavy Chemistry, and Liquid Fuels were not available to the Marketing Department for Coal as of 14 October 1954. The production deficits affected exclusively the allocation for trade and supply (Handel und Versorgung). The planned amount for the fourth quarter, according to the Main Administration for Lignite, showed a quota of 390,500 tons for the period 1-10 October 1954. Of this amount, 287,400 tons or 73.6%, were realized, i.e. a production deficit of 103,100 tons. Since no noticeable increase in production of Siebkohle could be attained, it would be impossible either to deliver the fourth quarter allocations to the population or to make up the production deficits of the third quarter of 1954. The Change-Over Plan (Umstellungsprogramm) of various industrial branches from briquettes to Siebkohle and especially the increased demands of the Reichsbahn thus could not be fulfilled.

3. Lignite Dust (Braunkohlenstaub)

According to data available to the Marketing Department for Coal, the various plants had offered to produce a total of about 200,700 tons of lignite dust. Since, according to the resolution of the Council of Ministers of 23 September 1954, the planned quotas for lignite dust were not fulfilled, the Marketing Department was to abide by the materiel balance of 28 May 1954, which called for 222,600 tons to be divided among the individual allocation holders (Kontingentraeger). Because of an increase in the requirements of its own enterprises, the Main Administration for Lignite will have a claim in the amount of 7,000 tons on the operating reserve of 11,200 tons established in the materiel balance of 28 May 1954. As of 10 October 1954, there existed a difference of 17,000 tons between offered production and the requirements of the consuming industries. Since the production deficit in lignite dust could not be made up from other fuels, it was necessary for the Marketing Department for Coal to exclude the Reichsbahn from the lignite dust delivery program. This measure, however, did not afford any considerable relief to the supply problem, since the VEB Mineraloelwerk Luetschendorf was to close down for repairs from 17 to 26 October 1954, and instead of its average daily production of 10 freight cars of lignite dust, it would not be placing any lignite dust at all at the disposal of the Marketing Department.

4. Crude Lignite

The materiel balance of 28 May 1954 was to be the basis for the distribution of crude lignite. The figure contained therein was 49,714,600 tons. The production offers from the various plants totalled 48,389,500 tons, i.e. a difference of 1,315,100 tons. According to data available to the Marketing Department, production deficits were as follows: 207,400 tons in the Main Administration for Lignite; and 1,107,700 tons in the Main Administration for Liquid Fuels. The Central Department for Planning showed the following figures for the deficits: 407,400 tons in the Main Administration for Lignite; and 907,000 tons in the Main Administration for Liquid Fuels. However, the totals of the production deficits were identical. In the resolution of 23 September 1954, there was no allocation established for the Ministry for Heavy Industry. It consequently was necessary to assume that the amount of 44,288,000 tons established in the Materiel Distribution Plan of 28 May 1954 would be required. An agreement reached with the Central Department for [REDACTED] The minimum amounts for individual [REDACTED] resolution of 23 September 1954 totalled [REDACTED] tons in the materiel balance of 28 May 1954. [REDACTED] October 1954 appeared as follows:

-2-

SECRET

25X1

SECRET

25X1

-3-

25X1

The production deficit as based on the materiel balance of 28 May 1954

1,315,000 tons

Increased allocations according to the resolution of 23 September 1954

1,023,000 tons

The amount which must be delivered to the VEB Kombinat Espenhain in the fourth quarter

400,000 tons

Thus, a total production deficit as against the needs of the various allocation holders of

2,738,000 tons

(The production deficit noted in para. 2 above for Siebkohle is included in this total production deficit for crude lignite).

5. The supply situation as of 10 October 1954 was evidenced in the fact that complaints regarding insufficient deliveries of crude lignite were constantly increasing. According to data available to the Marketing Department for Coal, the Crude Coal Distribution Plan showed a deficit of 348,000 tons in the period 1-10 October 1954. Significant production deficits in the categories of pit coal, pit-coal coke, lignite low-temperature coke, lignite high-temperature coke (BHT), and dry coal (Trockenkohle) did not exist at that time. Also, because of non-acceptance of BHT coke by the metallurgical industry, 200 tons of this coke were being shipped daily to the waste dumps. As a result of the belated start of operation of Trommel 4 in the VEB Trockenkohle-Anlage Beuna, it would not be possible to fulfill the existing orders on schedule.
6. An adjustment of the above-cited production deficits in the categories of lignite briquettes, Siebkohle, lignite dust, and crude lignite could not be made through operational (operativ) procurement measures of the Marketing Department. Therefore, a request was made to Minister Selbmann for a decision on which consumers would have to absorb decreases in their allocations.

25X1

-3-

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Supply Situation for the fourth quarter of 1954.

1. Lignite Briquettes.

The report of the Main Administration of the Council of Ministers of 23 September 1954, concerning figures for the supply of industry with liquid fuels, contained a production figure for the third quarter of 1954 of 13,199,000 tons. The plans of the various plants which were available to the Marketing Department for coal (Absatzabteilung Kohle) agreed with this figure. However, a check on the Marketing Plan (Absatzplan) for the period 1-10 October 1954 indicated that the plan was lacking approximately 65,000 tons for fulfillment. Because of this situation, and because the Briquette Production Plan for the third quarter of 1954 lacked about 265,000 tons for fulfillment, serious difficulties arose in the supplying of industry. The deliveries to the population provided for in the third quarter could not be met since there was a lack of 147,000 tons for fulfillment even though the allocations (Kontingente) had been reduced from 2,704,000 tons to 2,084,000 tons. This third quarter production deficit was written into the fourth quarter plan by the State Committee for Material Procurement; this amounted to making up the third quarter production deficit in the fourth quarter, since the missing amounts could not be drawn from any other section of industry. In addition, the Main Administration for Liquid Fuels indicated that there existed a difference of 90,000 tons between its allocation and actual demand. It must also be noted that the allocations will be exceeded by about 40,000 tons in the Main Administration for Lignite if the miners draw all the extra coal (Deputate) allotted to them up to 31 December 1954.

2. Screened Coal (Siebkohle)

According to the Materiel Balance (Materialbilanz) of 23 September 1954, the following production was provided for: 3,537,000 tons by the Main Administration for lignite and 3,710,000 tons by the entire Ministry.

25X1

CLASSIFICATION

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DATE	BY	NAVY	NSRB	DISTRIBUTION	ORR	FOR
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-2-

25X1

The plants under the Main Administration for Lignite delivered a total of 2,941,000 tons, i.e. there was an underproduction of 596,000 tons. Accountings of the production of the Main Administrations for Power, Heavy Chemistry, and Liquid Fuels were not available to the Marketing Department for Coal as of 14 October 1954. The production deficits affected exclusively the allocation for trade and supply (Handel und Versorgung). The planned amount for the fourth quarter, according to the Main Administration for Lignite, showed a quota of 390,500 tons for the period 1-10 October 1954. Of this amount, 287,400 tons or 73.6%, were realized, i.e. a production deficit of 103,000 tons. Since no noticeable increase in production of Siebkoehle could be attained, it would be impossible either to deliver the fourth quarter allocations to the population or to make up the production deficits of the third quarter of 1954. The Change-Over Plan (Umstellungsprogramm) of various industrial branches from briquettes to Siebkoehle and especially the increased demands of the Reichsbahn thus could not be fulfilled.

3 Lignite Dust (Braunkohlenstaub)

According to data available to the Marketing Department for Coal, the various plants had offered to produce a total of about 200,700 tons of lignite dust. Since, according to the resolution of the Council of Ministers of 23 September 1954, the planned quotas for lignite dust were not fulfilled, the Marketing Department was to abide by the materiel balance of 28 May 1954, which called for 222,600 tons to be divided among the individual allocation holders (Kontingenttraeger). Because of an increase in the requirements of its own enterprises, the Main Administration for Lignite will have a claim in the amount of 7,000 tons on the operating reserve of 11,200 tons established in the materiel balance of 28 May 1954. As of 10 October 1954, there existed a difference of 17,000 tons between offered production and the requirements of the consuming industries. Since the production deficit in lignite dust could not be made up from other fuels, it was necessary for the Marketing Department for Coal to exclude the Reichsbahn from the lignite dust delivery program. This measure, however, did not afford any considerable relief to the supply problem, since the VEB Mineraloelwerk Luetzkendorf was to close down for repairs from 17 to 26 October 1954, and instead of its average daily production of 10 freight cars of lignite dust, it would not be placing any lignite dust at all at the disposal of the Marketing Department.

4 Crude Lignite

The materiel balance of 28 May 1954 was to be the basis for the distribution of crude lignite. The figure contained therein was 49,714,600 tons. The production offers from the various plants totalled 48,389,500 tons, i.e. a difference of 1,325,100 tons. According to data available to the Marketing Department, production deficits were as follows: 207,400 tons in the Main Administration for Lignite; and 1,107,700 tons in the Main Administration for Liquid Fuels. The Central Department for Planning showed the following figures for the deficits: 407,400 tons in the Main Administration for Lignite; and 907,000 tons in the Main Administration for Liquid Fuels. However, the totals of the production deficits were identical. In the resolution of 23 September 1954, there was no allocation established for the Ministry for Heavy Industry. It consequently was necessary to assume that the amount of 44,288,000 tons established in the Materiel Distribution Plan of 28 May 1954 would be required. An agreement reached with the Central Department for Material Procurement confirmed this. The minimum amounts for individual scheduled consumers established in the resolution of 23 September 1954 totalled 1,023,000 tons more than the allocations in the materiel balance of 28 May 1954. Thus, the materiel balance as of 10 October 1954 appeared as follows:

-2-

SECRET

SECRET

-3-

25X1

The production deficit as based on the material balance of 28 May 1954

1,315,000 tons

Increased allocations according to the resolution of 23 September 1954

1,023,000 tons

The amount which must be delivered to the VEB Kombinat Espenhausen in the fourth quarter

400,000 tons

Thus, a total production deficit as against the needs of the various allocation holders of

2,738,000 tons

(The production deficit noted in para. 2 above for Siebkohle is included in this total production deficit for crude lignite).

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6. An adjustment of the above-cited production deficits in the categories of lignite briquettes, Siebkohle, lignite dust, and crude lignite could not be made through operational (operativ) procurement measures of the Marketing Department. Therefore, a request was made to Minister Selbmann for a decision on which consumers would have to absorb decreases in their allocations

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